BLANK

PAGE

Subject Index

Table of Authorities Cited

Codes

Constitutions

Texts

In the Supreme Court
OF THE
United States

October Term, 1966

No. 1396

The Fleischmann Distilling Corporation, a corporation, and James Buchanan & Company, Limited,
Petitioners,
vs.
Maier Brewing Company, a corporation, and Ralphs Grocery Company, a corporation,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF FOR RESPONDENTS IN OPPOSITION

Respondents respectfully urge that the granting of the writ petitioners seek could serve no useful purpose and that such writ should be denied.

OPINION BELOW

The unanimous opinion of the United States Circuit Court of Appeals for the Ninth Circuit, sitting *en banc*, is reported in 359 F.2d 156 and is printed as the appendix to the petition herein.[1] No petition for rehearing was filed.

JURISDICTION

Jurisdiction of this Court is invoked under Title 28 of the United States Code Sec. 1254(1) and it is believed the petition is timely.

THE QUESTION PRESENTED

The only question presented for decision in the cause[2] may be stated as follows, namely:

May the District Courts or the United States award attorneys' and litigation expenses incurred in a suit under the act based on use of a plaintiff's registered tradename by a defendant wherein—

[1] References herein to the opinion of the Court of Appeals are as "appendix" and as paginated in the appendix to the petition herein and other references are as indicated in that opinion. The Lanham Trademark Act, Title 15 U.S.C. § 1051-1127 is sometimes referred to as the act. Unless otherwise indicated, emphasis, insertions and omissions in quotations herein are supplied by counsel.

[2] Appellants have reserved the appellate issues of lack of support in the record for an award and that the purported award is excessive (appendix, page 2). The Court of Appeals, however, placed its decision upon the ground that the District Court lacked authority to make an award of this nature under the act (appendix, particularly at pages 5-6, 14-15 and 17). Since the latter ruling made consideration of alternate assignments of error unnecessary, the appellate issues were narrowed to the ruling of the Court of Appeals (appendix, page 17).

1. An injunction has been granted on the sole ground that such use is likely to cause confusion as to the source of origin of defendant's merchandise;

2. It is conceded that no damages can be shown;

3. No showing or ruling upon an accounting has been had;

4. All questions of unfair competition under state law have been eliminated;[3] and

5. The respective parties are prohibited by state regulatory statute[4] from engaging in competition, one with the other.

THE STATUTE INVOKED

The statute invoked in the cause is the Lanham Trademark Act (60 Stat. 439) 15 U.S.C. §§ 1051-1127, particularly, § 1117 (quoted in the petition at pages 2-3).

---

[3]In an earlier opinion in the cause (314 F.2d 149, 161; cert. denied, 374 U.S. 830) the Court of Appeals, in directing an injunction decree, held as follows:

> "And because we have found adequate legal support for our conclusion in the Lanham Act, *we do not consider* here the appellants' argument that *the California law,* statutory and decisional, compels the same conclusion."

[4]See the Twenty-first Article of Amendment to the Constitution of the United States (*State Board of Equalization v. Young's Market Co.,* 299 U.S. 59, 57 S.Ct. 77, 81 L.Ed. 38) and sections 23,366, 23,771, 23,775 and 23,402 of the Business and Professions Code of the State of California. None of defendants' activity has been shown to have occurred in interstate commerce.

BRIEF STATEMENT OF THE CASE

It is respectfully submitted that the facts relevant to the question presented are adequately and accurately stated in the opinion of the Court of Appeals (appendix, pages 1 and 2), hence, neither restatement, nor comment, is likely to be helpful. As noted (footnote 2) other potential appellate issues are mooted by the proper disposition of the appeal upon the ground that the judgment under review was without statutory authority in a cause of which the jurisdiction of the District Court is purely[5] statutory (sections 1114 and 1116 of 15 U.S.C.).

It is respectfully submitted that petitioners' statement (petition, pages 3-5) is largely concerned with irrelevancies and omits material considerations of the record, which should be briefly noted.

The historical sketch (pages 3-4) deals with matters mooted by the first opinion of the Court of Appeals, which was expressly limited to the single objective of injunctive relief upon the exclusive ground that *further* use of the tradename was likely to cause confusion as to source of defendants' products in

---

[5]See the statement of principle and citation of authorities in *Glenn v. Advertising Publications, Inc.*, 251 F.Supp. 889, 901:

> "The phrase 'to protect persons engaged in such commerce against unfair competition' inserted in the middle of this sentence does not, in and of itself, create a general federal law of unfair competition in interstate commerce. This general language must be attributed to a particular section of the Act. American Auto. Ass'n v. Spiegel, 205 F.2d 771 (2d Cir. 1953, cert. denied, 346 U.S. 887, 74 S.Ct. 138, 98 L.Ed. 391 (1953)."

and compare: *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed2d 661, 668; and *Compco Corp. v. Day Brite Lighting*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669, 672.

prospective dilution[6] of the mark, and all other matters were reserved for consideration in further proceedings in the District Court (314 F.2d 149, 151-152, 156, 159).

The subsequent trial of the reserved issues in the District Court proceeded independently upon new and additional evidence without assertion or reservation of any issue of res judicata or law of the case by reason of the first opinion in the cause.

In the instant record it is clear and uncontradicted that the respondents' declination to accede to the unsupported demand of petitioners' counsel "to cease and desist" was upon advice of reputable counsel specializing in trademark practice and, for the years following the first judgment of the District Court (196 F.Supp. 401), such use proceeded under the interim imprimatur of the experienced and conscientious judge presiding and whose resolution of the factual issues was approved in every respect save one, the "likelihood of confusion" which that panel of the Court of Appeals determined, *de novo*.

The *de novo* determination of those factual issues is explicit, e.g.:

> "Numerous cases in this and other circuits hold that under the circumstances here present, the

---

[6]Compare: *Chemical Corp. v. Anheuser Busch, Inc.*, 306 F.2d 433, and see comment and analysis in 51 Cal. Law Review 250, particularly at page 254. The absence of actual confusion as to source was conceded (314 F.2d 149, 151, 158-159) and seems impossible in view of the fact and statutory requirement of clear labeling of source, manufacturer, and bottler of beer (sections 25,200-25,212 of the Business and Professions Code).

question of the likelihood of confusion is one for us to decide." (314 F.2d 149, 152)

Such *de novo* determination of the facts of the case, in that opinion is not the practice of the Court of Appeals and appears to be unique.

See the ruling of the Court of Appeals filed eight days later in

> *Plough Inc. v. Kreis Laboratories,* 314 F.2d 635, 640,

reading in relevant part as follows:

> "*Are we,* in the absence of any evidence, *better able than a trial judge* to speculate . . . *We think not,* but if it is *our privilege to second guess the trial court,* then we are convinced a two-word trademark has a different impact on the public than a one-word trademark."

The findings of the District Court as quoted by petitioners (pages 4-5) were made without further hearing or evidence following the remand[7] and were necessarily responsive to that remand and prior record alone. Such findings were not re-adopted herein.

The "full hearing of the District Court" stated by petitioners (page 5) occurred in a subsequent trial

---

[7] Inexplicably, petitioners noticed the post-remand issues for separate trials in piece-meal, namely: (1) an injunctive decree responsive to the remand (2) the instant application for attorneys' fees, and (3) proceedings for an accounting. The accounting issues were undetermined at the submission of the instant matter, hence the necessity of the interlocutory appeal herein (appendix, page 2).

and, as noted, proceeded without invocation of any limitation based upon res judicata or law of the case.

The judgment under review by the Court of Appeals does not contain, nor include by reference, any findings of fact.

The evidence in the instant record is uncontradicted that neither of plaintiffs may lawfully deal in beer in California and neither may lawfully deal retail in alcoholic beverages therein; respondent Maier may not deal in Scotch whiskeys in any transaction in California; California law[8] does not permit an award of attorneys' fees to opposing parties in any case not expressly provided by statute, or contract; none of respondents' respective transactions related to the use of the mark is shown to have been in interstate commerce; and neither of respondents has advertised beer under the name of black and white, nor been charged with disparagement, palming-off, misrepresentation, fraud, oppression or unconscionable conduct of any kind.

Petitioners' trial counsel represented to the District Court (TR II 16:15-17 and 19:18-19), in relevant part:

> "Well, of course, my partner Mr. Bailey Lang, tried this case and as I see the record he said he was not going to offer any evidence that we had lost sales.
>
> * * *
>
> Of course, if there are not profits, there is no recovery."

[8]Section 1021 of the Code of Civil Procedure and comment in 12 Hastings Law Journal 209, et seq.

The testimony of good faith included the following, namely:

"Mr. Chotiner: Q. Did you ever receive any *advice from any lawyer that in his opinion you were permitted to use the name Black & White on beer manufactured by Maier Brewing Company?*

A. *I did.*

Q. *At the time that you contested the complaint in this matter, did you believe that you had a right to use the name of Black & White on beer manufactured by your company?*

A. *Positively.*"

(TR III 76:19-78:2.)

"Mr. Chotiner: Q. *Mr. Mellin, did you give any advice to the Maier Brewing Company on the subject of their right to use the name Black & White before the litigation was commenced?*

A. *I did,* but I think it was through the firm of Hill, Farrer & Burrill in Los Angeles; I don't think it was direct.

Q. And the firm of Hill, Farrer & Burrill in Los Angeles represented the Maier Brewing Company in Los Angeles at the time, to your knowledge?

A. They were representing them in some matter at the time, as I recollect, because I know Maier Brewing Company was not a regular client of ours and this was referred by them to us.

Q. And what was your opinion on that subject?

A. *My opinion was that the defense should succeed in the event of litigation, and they were so advised.*"

(TR III 62:18-25 and 63:1-6.)

THE GRANTING OF THE WRIT COULD SERVE NO USEFUL PURPOSE AND THE PETITION SHOULD BE DENIED.

It must be granted that a ruling of this Court upon any principle of statute, common law or equity would be of inestimable value in the administration of the acts of the Congress and the conduct of litigation in the several courts of the United States.

However, the time available for attention to the important duties of the Court imposes limitations and even matters of moment must be equated to a relative position in proportion to matters of greater moment which cannot be concluded elsewhere and cannot be long deferred.

It would be presumptuous to seek to augment the searching analysis of the controlling principles and reported rulings upon the question whether the District Courts may charge the unsuccessful defendants with the attorneys' fees and litigation expenses of the successful plaintiffs in a purely statutory proceeding under a statute in which the authority to make such an award has been withheld by the Congress.

The act here invoked resulted from extensive studies and hearings by the Congress, during successive sessions, and constituted a complete revision of pre-existing legislation in effect for many decades[9] and expressly repealed provisions of all then existing acts of the Congress inconsistent with the act.

The present act has been in effect for almost exactly two decades (passed June 28 and signed July 5, 1946),

[9]For historical background, see Robert's Commentary published in West's annotations to U.S.C., 15 U.S.C.A. 1051-1127.

without meaningful amendments in respect to its remedial provisions. Thus, even more than generally, it must be presumed that the Congress excluded—as well as included—all declarations of policy and positive provisions of law related to trademarks and tradenames in commerce deemed necessary or appropriate.

It is indisputable that the act does not provide for the award of attorneys' fees to any litigant in any case within its scope. Whether to authorize such awards is a simple matter of legislative policy and the Congress has not hesitated to provide for them in situations it has deemed necessary or helpful to require such atypical remedies.

There remains, then, only one other potential source of judicial power to award attorneys' fees to any litigant: the "traditional[10] equity jurisdiction of the Federal courts". However, "traditional equity jurisdiction" in the area of trademark litigation[11] appears also to have been pre-empted by the act.

Section 1114 is the only grant of substantive jurisdiction to be found in the act and such grant is expressly restricted to "the remedies *hereinafter* provided"; section 1116 provides that "the several courts vested with jurisdiction of civil actions arising under this chapter shall have power to grant injunctions . . .

---

[10]See analysis in annotation, 8 A.L.R.2d 894, et seq.

[11]Respondents respectfully reserve the position that basic trademark subject matter is exclusively on the "law side" and that equitable remedies are merely auxiliary and supplemental, *qua* remedy, rather than of independent jurisdictional nature. See *Beacon Theaters, Inc. v. Westover,* 359 U.S. 469, 79 S.Ct. 948, 3 L.Ed.2d 988, and *Dairy Queen, Inc. v. Wood,* 369 U.S. 469, 82 S.Ct. 894, 8 L.Ed.2d 44.

to *prevent* the violation of any right of the registrant of a mark registered"; and section 1117 provides[12] that "the plaintiff shall be entitled . . . subject to the principles of equity to recover (1) defendant's profits . . .".

Under well established canons of construction of legislative enactments, *inclusio unius est exclusio alterius,* it is clear that the Congress did not intend to assimilate to the act any unstated, non-statutory jurisdiction or remedy in a "pure" trademark case "in any civil action arising under this chapter".

As the Court of Appeals has demonstrated (appendix, pages 2-16), none of the cases decided by the respective Courts of Appeal in which awards of attorneys' fees to the prevailing party were affirmed or granted, was a purely statutory, Lanham Act, case—each embracing state-generated unfair competition claims—and only one case, *Wolfe v. National Lead Company* (272 F.2d 867), was expressly based upon the act. As similarly demonstrated (appendix, p. 14)

---

[12]Section 1117 further provides that *any* recovery "shall constitute compensation and not a penalty" and this record does not indicate that either of petitioners has *paid or incurred* any attorneys' fees to be "compensated". Compare: *U. S. v. Equitable Life etc. Co.,* —— U.S. ——, 86 S.Ct. ——, 16 L.Ed.2d 593; citing *U. S. v. Pioneer etc. Co.,* 374 U.S. 84, 90-91, 10 L.Ed.2d 755, 776, and, in respect to other litigation expenses, *Farmer v. Arabian American Oil Co.,* 379 U.S. 227, 85 S.Ct. 411, 13 L.Ed.2d 248, 254. The cases newly cited by petitioner (petition, pages 6, 8, 9, 11 and 13) also included state-generated unfair competition claims, except *Cleveland* (page 11, 149 F.2d 466) which was a case dealing with a testamentary trust, *Vaughn* (pages 9 and 13, 369 U.S. 527, Anno. 8 L.Ed.2d 894), which dealt with an injured seaman in an admiralty case and *Fischer & Porter Co.* (page 12, 86 F.Supp. 502) a patent case declining such an award.

the well considered cases have held such awards to be unauthorized in "civil actions arising under this chapter".

It was, thus, but sound administration to overrule the erroneous ruling in *Wolfe* and to limit the decision in *National Van Lines* decided in that court (appendix, p. 17).

Since the only ruling in a purely statutory action "arising under this chapter"—and not embracing state-generated claims—is in accord (*Gold Dust,* 87 F.2d 451) and decided in 1937 and before the revision of Federal trademark legislation in 1946, the decision under review does not create any "conflict", as petitioners seek to claim, rather eliminates the existing conflict of *Wolfe.* Secondly, the *Gold Dust* ruling must be presumed to have been known to the Congress in making the revisions embraced in the instant act and it should be presumed that the Congress was satisfied with that ruling, else a responsive provision would have been included in the act (cf. appendix, page 9, noting such statutory changes following similar rulings in the field of patent litigation).

Because the decision of the Court of Appeals is so well reasoned, was based upon painstaking analysis and was considered *en banc,* its authority cannot be properly questioned and, it is respectfully submitted, would be affirmed by this Court in any event.

Because trademark registrants are collectively served by their own trade associations and a "spe-

cialized bar", intelligence of this ruling will be adequately disseminated for consideration in undertaking transactions in trade and commerce.

Because there is no inequality of position between the parties—to favor petitioners—no damages suffered by them, no disparagement and no economic injury sustained to their mark, to their business or sales, no fraud, oppression or malice inflicted upon them and no public injury inflicted, threatened or intended, there are no considerations *de hors* the act to invoke any consideration of law, equity or justice to suggest support for any money award to petitioners, or to either of them.

For each of these reasons, it is respectfully submitted that further review of the decision of the Court of Appeals by this Court would serve no useful and practical purpose and the instant petition for writ of certiorari should be denied.

Dated, San Francisco, California,
July 8, 1966.

J. Albert Hutchinson,
Attorney for Respondents.

PETITIONER'S BRIEF

In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petitioners' Brief

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

---

MOSES LASKY
BROBECK, PHLEGER & HARRISON
111 Sutter Street
San Francisco, California 94104
Attorney for Petitioners

SORG PRINTING COMPANY OF CALIFORNIA, 346 FIRST STREET, SAN FRANCISCO 94105

SUBJECT INDEX

INDEX OF AUTHORITIES

STATUTES

TREATISES AND OTHER

In the Supreme Court of the United States

OCTOBER TERM, 1966

No. 214

THE FLEISCHMANN DISTILLING CORPORATION, a corporation, and JAMES BUCHANAN & COMPANY, LIMITED,

Petitioners,

vs.

MAIER BREWING COMPANY, a corporation, and RALPHS GROCERY COMPANY, a corporation,

Respondents.

Petitioners' Brief

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

OPINIONS BELOW

The opinion of the Court of Appeals is reported in 359 F.2d 156 and 149 U.S.P.Q. 89 and appears at R. 97-114. There is no opinion by the District Court on the phase of the case before the Court. An earlier opinion of the Court of Appeals relating to the issue of trademark infringement is reported in 314 F.2d 149

All emphasis in quotations in this brief has been added unless otherwise noted.

(1963) *cert. den.*, 374 U.S. 830 (1963) (reversing 196 F. Supp. 401 (N.D. Cal., 1961)); it is incorporated by reference in the record here (R. 28), and for convenience portions are printed as the Appendix to this brief.

JURISDICTION

This Court has jurisdiction under 28 U.S.C. § 1254(1). The decision of the Court of Appeals was entered March 16, 1966 (R. 115). The petition for a writ of certiorari was filed here on June 9, 1966, and was granted on October 10, 1966 (R. 116).

QUESTIONS PRESENTED

1. a) In a suit in equity under the Lanham Act to enjoin trademark infringement, is a federal court without power in any circumstance whatever to make an award, against the infringer, of the successful plaintiff's attorney's fees and litigation expenses?

b) Is a federal court's equity power to award attorney's fees limited to a suit wherein a common fund is recovered?

2. If a federal court is not powerless, regardless of the circumstances, to make such an award, is not an award warranted by the circumstances that the infringer has acted knowingly and with deliberate purpose to purloin the good will of the trademark owner and in persistent defiance of the owner's known rights?

STATUTE INVOLVED

The statute involved is § 35 of the Lanham (Trademark) Act, 15 U.S.C. § 1117 (Act of July 5, 1946, c. 540, Tit. VI, § 35; 60 Stat. 439, as amended, Act of Oct. 9, 1962, 76 Stat. 774) which provides:

> "When a violation of any right of the registrant of a mark registered in the Patent Office shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and

1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty."

STATEMENT OF THE CASE

1. The Parties and the Trademark Infringement.

Since almost the beginning of the century petitioner James Buchanan & Company Ltd. ("Buchanan") and its predecessors have marketed in the United States a Scotch whisky of their blending under the "Black & White" name, registered as their trademark in the United States Patent Office in 1908 and in California in 1911. Petitioner The Fleischmann Distilling Corporation ("Fleischmann") has been the sole importer of that whisky into the United States since 1938. Vast sums were spent on advertising it, including $5 million just for the period 1951-1957. (R. 3, 4, 12)

In 1956 respondent Maier Brewing Company ("Maier") began to sell to respondent Ralphs Grocery Company ("Ralphs"), and the latter began to resell, beer under the label "Black & White". (R. 13).

2. Petitioners' Efforts to Induce Cessation of the Infringement Without Suit.

Nearly 9 years ago, December 1957, Buchanan, through San Francisco counsel, wrote Maier a letter. (R. 8, 39, 40). Stating that Buchanan had recently learned of Maier's use of the name "Black & White" and informing Maier of Buchanan's ancient use and registration of that name, the letter continued (R. 8):

> "As you will appreciate, for many years very large expenditures have been made in advertising 'Black & White' whisky, it is a highly regarded brand, and our client is most sensitive about infringing uses which impair or dilute the distinctiveness of that name. We have advised that your use of this name constitutes a trademark infringement and unfair competition under both federal and California law and a disregard of Section 17,500 of the California Business and Professions Code.
>
> "On behalf of our client we ask you to discontinue using the name 'Black & White' and to discontinue selling or offering for sale any beer so labeled.
>
> "We shall appreciate your advising us of your intentions. Anticipating that you understand our client's position and will recognize its justness, we are refraining for the time being from writing to Ralph's Grocery Company requesting it to discontinue handling beer under the 'Black & White' name, as we would prefer not to trouble your customer if it can be avoided."

After Maier through an attorney, Mr. Gilford of Los Angeles, refused the request (R. 40, 53), Buchanan's counsel asked Mr. Gilford by telephone to reconsider, stating that the name "Black & White" was of so tremendous importance to Buchanan that Buchanan would press litigation if necessary, and he pointed to the expenses that lay ahead for Maier if it persisted in its course. Mr. Gilford responded by asking Buchanan's counsel to send him legal authorities. (R. 41) The letter of authorities to Mr. Gilford (R. 41, 54) concluded (R. 58):

"* * * the citations * * * demonstrate that continued refusal by your client to discontinue the use of the name 'Black & White,' when the dictionary is full of words which can be called upon for other names, can entail a tremendous expense to it in defending suit. Our client feels very deeply about the protection of the name 'Black & White', whereas it is difficult for us to believe that the name,. which is one of a stable of names used by Maier and only recently adopted by it, can mean so much to it as to warrant standing suit.

"Please let us hear from you shortly. A willingness of Maier to discontinue the name without litigation will be met with a reasonable attitude to minimize any inconvenience."

In reply Mr. Gilford asked Buchanan's counsel to meet with Maier in Los Angeles to discuss the matter (R. 42, 59). Shortly afterwards Buchanan's counsel, while in Los Angeles, thrice telephone Mr. Gilford that he was ready to meet with Maier. Twice Mr. Gilford replied that Maier was not available; the third time he said that there was no point in pursuing the matter further (R. 43). A little later he telephoned to Buchanan's counsel in San Francisco to say that Maier refused to discontinue (R. 43). Buchanan's counsel replied that he "wanted a letter in my file before I started suit for the purpose of showing that I had done everything to exhaust an attempt to clean the matter up without litigation" (R. 43). In a few days Mr. Gilford wrote (R. 43):

"I am sorry to say that my client is not interested in desisting in the use of the label 'Black & White' in the sale of beer."

Thereupon Mr. Gilford was replaced by others as counsel for Maier (R. 48-50). Amicable efforts to induce Maier to desist

having failed, Buchanan's counsel requested Maier's customer, Ralphs, to desist using the trademark (R. 9-11, 43, 44). Ralphs refused. (App. 2)

It was evident that if Buchanan's trade name was to be protected, petitioners were going to have to fight for it. As observed by the District Court to Buchanan's counsel (R. 52):

> "For the record you did everything that a lawyer could do under the circumstances to bring about some accord, some agreement or some reasonable viewpoint . . ."

3. The Trademark Infringement Suit, the Adjudication of Infringement and Bad Faith on Respondents' Part, and Respondents' Continued Defiance.

In 1958 Fleischmann filed this suit against respondents claiming trademark infringement under both federal law (the Lanham Act) and California law and for unfair competition under California law (R. 1). The complaint prayed for an injunction against use of the name "Black & White" "and for plaintiff's expenses incurred in this litigation stemming from defendants' willful conduct, including attorneys' fees and for plaintiff's costs of suit herein incurred" (R. 7). Respondents interposed a variety of objections, including an objection that Buchanan should be a party. In consequence Buchanan intervened as a plaintiff (R. 76). After innumerable motions, counterclaims, and discovery procedures, a mere docket listing of which occupies 8 pages in the record (R. 72-79; also R. 62-64), the case was tried in 1961 (R. 17). On appeal from a judgment for respondents, the Court of Appeals for the Ninth Circuit reversed (R. 19, 20), *The Fleischmann Distilling Corporation, et al. v. Maier Brewing Company, et al.*, 314 F.2d 149 (1963).

The Court of Appeals accepted the District Court's findings that Black & White Scotch whisky was "widely known" and "the leader among Scotch whiskies" and that "in the alcoholic beverage industry the name 'Black & White' has come to mean

Scotch whisky" (314 F.2d 149, 151). The Court of Appeals further found:

> "The record shows not only a knowledgeable adoption of the name ['Black & White'], but also an insistence on continuation of the imitation after notice to stop." (314 F.2d at 157, fn. 8.)
>
> * * * * * * *
>
> "The manager [of Maier] knew that the Black & White Scotch 'was one of the most popular brands on the market' and when the wholesaler brought up the question of Black & White also being used for Scotch, the manager told him that he knew there was a Black & White Scotch, 'one of the most popular brands.' Without seeking any legal advice these officers of Maier simply decided for themselves that there was no relation between Scotch whisky and beer and decided to go ahead." (314 F.2d at 157.)
>
> * * * * * * *
>
> "We cannot conclude but that Maier deliberately adopted the name knowing that Black & White was the name and trademark of Buchanan and they must have done so with some purpose in mind. The only possible purpose could have been to capitalize upon the popularity of the name chosen. This popularity, they must have known, would extend to their product because the public would associate the name Black & White with something old and reliable and meritorious in the way of an alcoholic beverage." (Ibid)
>
> * * * * * * *
>
> *The only rational explanation for the insistence on using Black & White was to trade on the other Black & White's good will."* (314 F.2d at 158, fn. 11.)

The Court of Appeals also held that Maier and Ralphs had acted *in bad faith,* i.e., that a finding of "good faith" was "clearly erroneous" (314 Fd.2d at 157). Said that court:

> "But if the finding of good faith is intended to mean that defendants did not intend to adopt Buchanan's Black &

> White name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, *then the finding is clearly erroneous.*"

And it said that respondents' insistence on continuation of the imitation after notice was itself "fraud" (fn. 8, App. 9). Holding that there was a plain infringement under the Lanham Act, the Court reversed the judgment and remanded the case to the District Court with directions to enter judgment in accordance with its opinion (R. 20).

Respondents persisted in putting petitioners to further expense. Respondents were advised by their counsel that a petition to this Court for a writ of certiorari would be without merit, and thereupon they discharged him (R. 50), just as their first counsel, Mr. Gilford, had been replaced when he expressed regret that Maier would not cease using "Black & White". Thus shopping for palatable legal advice, respondents through new counsel petitioned the Court of Appeals for a rehearing. When that was denied, they petitioned this Court for certiorari, and that was denied, *Maier Brewing Co., et al. v. Fleischmann Distilling Corporation, et al.*, 374 U.S. 830 (1963).

For 7 weeks after the decision of the Court of Appeals and for over two weeks after denial of the petition for rehearing Maier continued to ship beer under the Black & White label (R. 33), and Ralphs was still selling beer under this name for nearly three months after the decision of the Court of Appeals (R. 34).

One begins to understand respondents' continued defiance of petitioners' rights from the fact that during the pendency of the litigation, in 1958, Maier asked $127,000 for a sale of the Black & White name for beer to a distributor (R. 18, 19).

4. The Award of Attorneys' Fees After Remand and Its Reversal on the Ground of Lack of Power in a Federal Court to Award Attorneys' Fees in a Suit Under the Lanham Act.

On remand petitioners moved for entry of judgment pursuant to the mandate and requested, in addition to the injunction against infringement, an award of reasonable attorneys' fees and litigation expenses (R. 21, 22), as prayed for in the complaint. After extensive briefing and argument (R. 23-27, 83, 84) the District Court *found and adjudged* (R. 29):

> "Without seeking legal advice, and for the purpose of capitalizing upon the popularity of the name thus chosen, defendant Maier deliberately adopted the name 'Black & White' knowing that 'Black & White' was the name and trademark of plaintiff Buchanan, and knowing that this popularity would extend to its product because the public would associate the name 'Black & White' with the long established reliability and meritoriousness of Buchanan's product. Defendants intended to adopt plaintiff Buchanan's 'Black & White' name or mark for the purpose of taking advantage of the aura of good will which surrounded the name, and they deliberately adopted the name with a view to obtaining advantage from the good will, good name and good trade which Buchanan had built up and expecting that there would be confusion and resultant profit. Defendants refused to discontinue their use on beer of the name 'Black & White' upon request made before suit filed, and they have knowingly, wilfully and deliberately infringed the said mark 'Black & White' and plaintiffs' rights therein."

The judgment contained this provision (R. 31):

> "9. Plaintiffs are entitled to recover from defendants a reasonable amount for attorney's fees and litigation expenses incurred in this suit in this Court, the United States Court of Appeals for the Ninth Circuit, and the United States Supreme Court, and a hearing will be held by the Court on Thursday, the 20th of February, 1964, at the hour of 10:30 a.m. to determine the amount."

After a later hearing where evidence was received (R. 35-68), the District Court fixed the reasonable amount of attorneys' fees for the six years of legal services up to that time at $60,000 (R. 64, 65) and taxed other litigation expenses at $2152.79 (R. 68).

From this award respondents appealed to the Court below (R. 69). After submission (R. 87) and resubmission (R. 87, 88) the appeal was dismissed as premature with a suggestion that the District Court certify an interlocutory appeal under 28 U.S.C. § 1292(b) (R. 89, 90). This was done, a new appeal was taken (R. 91-96), and on March 16, 1966 the court below reversed the award of attorney's fees with directions to deny petitioners' request for attorney's fees (R. 115).

The basis of the reversal was this (R. 114):

> "We hold that attorney's fees are not recoverable in trademark infringement cases under the Lanham Act, primarily because the Congress has not provided for them."

It was to review this award that this Court granted certiorari.

SUMMARY OF THE ARGUMENT

1. The "historic jurisdiction of the federal courts" in equity, granted by the First Judiciary Act of 1789, includes all the powers and remedies of the English Court of Chancery, among which is the power to award counsel fees. *Sprague v. Ticonic National Bank*, 307 U.S. 161 (1939); *Vaughan v. Atkinson*, 369 U.S. 527 (1962). While American practice does not award counsel fees to the prevailing party in all litigation as of course but requires equitable considerations, the contrast with English practice shows the propriety of the award here. In trademark litigation in England the unsuccessful defendant pays counsel fees although he has only defended a mark which he honestly adopted without being aware of plaintiff's mark or of the resemblance and acted without fraud, and although the action was commenced against him

without notice.[1] All of the elements, not even necessary there, are present here. This controversy and litigation were entirely caused and obstinately continued by respondents' conduct, which was not only tortious but a willful and deliberate effort to purloin petitioners' good will, as both courts below found.

2. Until the decision below, in *every* circuit, district and reported case in the federal courts where the issue has arisen, the power to award attorney's fees to the successful plaintiff in trademark cases in these circumstances has been upheld, by a long roster of distinguished federal judges, from *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7 Cir. 1941) to *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389 (2 Cir. 1965), *cert. den.* 383 U.S. 942 (1966), with five other Lanham Act decisions from the First, Second, Third and Seventh Circuits,[2] not to speak of two from the Ninth Circuit itself,[3] and numerous decisions in trademark cases in District Courts, in the years between. Trademark infringement is but a species of unfair competition, *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 97 (1918), and the Sixth and Ninth Circuits have upheld the power to award counsel fees in unfair competition cases.[4] In reliance on *Sprague* and these very trademark and unfair competition deci-

---

1. White's Kerly's Law of Trade Marks and Trade Names (9th ed., London, Sweet & Maxwell Limited, 1966) p. 676.

2. *Maternally Yours v. Your Maternity Shop*, 234 F.2d 538 (2 Cir. 1956); *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517 (2 Cir. 1953); *Keller Products, Inc. v. Rubber Linings Corp.*, 213 F.2d 382 (7 Cir. 1954); *Baker v. Simmons Company*, 325 F.2d 580 (1 Cir. 1963); *Century Distilling Co. v. Continental Distilling Corp.*, 205 F.2d 140 (3 Cir.), *cert. den.* 346 U.S. 900 (1953).

3. *National Van Lines v. Dean*, 237 F.2d 688 (1956); *Wolfe v. National Lead Co.*, 272 F.2d 867 (1959).

4. *Hagemeyer Chemical Co. v. Insect-O-Lite Co.*, 291 F.2d 696 (6 Cir. 1961); *High Fidelity Recordings Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89 (9 Cir. 1962), *cert. den.* 371 U. S. 934 (1962).

sions, the Fourth Circuit has recognized the power to award counsel fees.[5]

3. A main factor in determining whether attorney's fees should be allowed is the character of the litigation, and the character of trademark litigation peculiarly warrants that relief where elements of fraud are present. First, a major element in trademark protection is the interest of the public in being protected against swindling. Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946) (report of Senate Committee on Patents on the bill which became the Lanham Act).[6] Second, the trademark owner's rights are important and valuable but intangible; in today's civilization an enterprise may have as much invested in building good will as in physical equipment. Third, unless a deliberate infringer faces the possibility of paying attorney's fees, if brought to book by a court of equity, his swindling and his piracy are little deterred, and large and wealthy defendants are free to try to drown a plaintiff in the expenses of litigation. The elements of callousness, recalcitrance, and willful and persistent default, forcing a plaintiff to court to protect his rights, which sustained an award of counsel fees in *Vaughan v. Atkinson*, 369 U.S. 527 (1962), are the very circumstances so often found in trademark litigation. Conversely, arrogant and wealthy plaintiffs sometimes willfully bring unjustified trademark infringement suits to pressure a defendant to abandon his rights, and counsel fees have been awarded against such plaintiffs; e.g., *General Motors Corp. v. Cadillac Marine & Boat Co.*, 226 F. Supp. 716 (W.D. Mich. 1964). If a court lacked power to assess attorney's fees in favor of a successful plaintiff, *a fortiori* it could not assess them against a reprehensible plaintiff, for counsel fees have never been

5. *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212 (4 Cir.), *cert. den.* 369 U. S. 873 (1962).

6. U. S. Code Cong. Service, 79th Cong., 2d Sess. 1946, pp. 1274, 1275.

so readily granted against a plaintiff, who merely asks the ear of the court, as against a defendant who has fraudulently committed a wrong outside of court.

For reasons such as these Professor Walter J. Derenberg in his "The Nineteenth Year of Administration of the Lanham Trademark Act of 1946", 56 The Trademark Reporter 691, 754 (Oct. 1966), deplores the decision of the court below as encouraging unscrupulous infringers.

4. In sweeping aside the uniform body of authority as "not well considered," the court below rests its reasoning on two incorrect suppositions and one false contrast. Its first false premise is to hypothesize a pervasive antipathy and rule in the United States against awarding attorney's fees to a successful party. Analysis of the cases relied on by the court below—mostly actions at law and jury cases—shows complete failure to support the premise. Although American practice does not award fees as of course, no rule or attitude, such as the court below assumes, exists *in equity.* The law has long distinguished between the practice of common law courts, particularly in jury cases, and that of courts deriving from the civil law. This Court's decision and historical survey in *Sprague v. Ticonic National Bank,* 307 U.S. 161 (1939) is a complete answer to the hypothesis; and see *Guardian Trust Co. v. Kansas City Southern Ry. Co.,* 28 F.2d 233 (8 Cir. 1928). The view of the court below, that the power of a court of equity to award counsel fees is essentially limited to cases involving a fund in court, has been repeatedly rejected, as by this Court in the *Sprague* case.

5. The second and primary false premise of the reasoning below is that the Lanham Act precludes an award of attorney's fees because, so it is argued, it makes no provision for them. But Section 35 of the Lanham Act empowers courts to grant relief according to "the principles of equity". Having been enacted seven years after *Sprague* settled that the historic equity jurisdic-

tion of the federal courts includes power to award counsel fees, and five years after the distinguished Judge Walter C. Lindley drew upon years of experience at the bar and bench to say in *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7 Cir. 1941), that counsel fees in trademark cases were traditionally awarded, and with nothing in the legislative history to doubt or question the power, it is inconceivable that the Act *sub silentio* "expressed an intent to circumscribe traditional judicial remedies", *Federal Trade Commission v. Dean Foods Co.*, 384 U.S. 597, 609, 610 (1966). On the contrary, by affirming the principles of equity, the Lanham Act affirmed the traditional remedies. Exactly this answer was given by Senior Judge Leahy in *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962), in rejecting the very argument made by the court below.

6. The court below cites *Teese v. Huntingdon*, 64 U.S. (23 How.) 2 and *Philp v. Nock*, 84 U.S. (17 Wall.) 460 as holding that counsel fees cannot be awarded in patent cases, and it then notes that thereafter the Patent Act expressly provided for counsel fees. On this foundation the court poses an imagined contrast with the absence of an express provision in the Lanham Act. But *Teese* and *Philp* were *jury tried actions at law* and held no more than that a jury may not award counsel fees. The patent statute was necessary to permit an award of fees in patent actions at law. Moreover, the patent right is purely a creature of Congress and a statutory exception to the policy against monopoly; consequently, the remedies for its violation are what Congress prescribes, no more. But the trademark right and the remedies for its vindication are not creatures of Congress at all, but of equity, *Trade-Mark Cases*, 100 U.S. 82 (1879). The trademark creates no monopoly but is a protection against swindling. *United Drug Co. v. Rectanus Co.*, 248 U.S. 90 (1918); Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946). While Congress may delete remedies

otherwise available in equity in trademark cases, it does not do so by silence.

7. A federal court of equity having power, within certain outer boundaries, to award counsel fees, the determination whether the facts in a particular case warrant exercise of that power lies primarily within the discretion of the trial court. The District Court acted well within the area of its discretion, and its decision should be affirmed.

ARGUMENT

I. The Principle for Which We Contend and the Circumstances in This Case Calling for Its Application.

A. THE PRINCIPLE.

The court below disposed of the appeal by holding that federal courts are *utterly without power* in suits to enjoin trademark infringement to make any award of attorney's fees to a prevailing plaintiff *in any circumstances whatever*. We submit:

1. A federal court does possess that power and may exercise it in proper circumstances.

2. Within certain outer boundaries, the matter lies in the discretion of the trial court.

3. The facts that the infringer has knowingly adopted the trademark in full awareness of plaintiff's rights, acting fraudulently to profit from plaintiffs' good will and defiantly after notice to cease, are circumstances warranting exercise of the power.

Contrast with English practice will pithily illustrate the proper principle and its proper application in federal practice. In England the term "costs" includes counsel fees; while "costs" in actions at law are statutory in origin, "costs" in equity derive from the inherent power of the Chancellor. Arthur L. Goodhart, "Costs", 38 Yale Law Journal 849, 851, 854. As we show in

detail at pp. 28-36 below, federal courts in equity have all the powers and remedies of the English Court of Chancery, including the power to award attorney's fees. *Sprague v. Ticonic National Bank,* 307 U. S. 161 (1939). Attorney's fees are taxed customarily in all kinds of litigation in England. No such broad practice exists in this country or is urged by us.

Focusing on trademark litigation, the standard English text, *Kerly's Law of Trade Marks and Trade Names* (9th Edition) by T. A. Blanco White,[7] states (p. 676):

> "An unsuccessful defendant must usually pay costs, although he has only defended a mark which he honestly adopted without being aware of its too great resemblance to the plaintiff's mark, and though he has acted without fraud and in ignorance of the plaintiff's rights, and the action has been commenced against him without notice."

This statement reflects the view that it is too obvious even for discussion that the trademark infringer ought to pay attorney's fees where he adopted the trademark in full awareness of the plaintiff's rights, acting fraudulently to profit from plaintiff's good will and defiantly after notice to cease. In England he must pay attorney's fees *even in the absence of these factors.* In the present case *all of these elements are present.*

B. THE CIRCUMSTANCES.

This controversy and litigation were entirely caused and obstinately continued by respondents' conduct, which, as both courts below have found, was not only tortious but a wilful and deliberate effort to purloin petitioners' good will. First, respondents knowingly and deliberately purloined the "Black & White" name. Then, before their sales were in full swing, they were given an opportunity to avoid suit by simply discontinuing their wrongful

---

7. London, Sweet & Maxwell Limited, 1966.

activities with the minimum of inconvenience, but they refused to do so. (See pp. 4-6, supra). They persisted, even dropping their first counsel who evidently had a change of heart after studying the law (p. 5, supra). The litigation which respondents forced on petitioners was long and protracted. Even after the court below on the first appeal had decided the case against them, they continued their wrongful conduct, once more dropping a counsel whose advice did not please (p. 8, supra). They gambled that they could get by with filching petitioners' name, and they should now take the burden of having been wrong.

Until the decision now under review by this Court, it was uniformly held in the United States that in circumstances such as these a trademark plaintiff thus victimized was entitled to an award of attorney's fees. In the pages to follow we shall:

1. Present this uniform authority and show that it rests on the historic powers of federal courts of equity.

2. Discuss the public policy which peculiarly supports exercise in trademark cases of the inherent equity power.

3. Analyze the premises and the reasoning of the court below and show their error in history and their unmindfulness of this Court's decisions.

II. The Uniform Course of Decision Is Against the Court Below.

In the federal courts, in *every* circuit, *every* district, and *every* case where the issue has arisen, so far as revealed in reported opinions, the power to award attorney's fees to the successful plaintiff in trademark cases in proper circumstances has been upheld and exercised until the decision below. Fees awarded by district courts have been affirmed, and appellate courts have awarded additional fees. The roster of federal appellate judges who have formed this steady course of decision is a distinguished

one which, not counting judges of the Ninth Circuit, numbers at least 24.

The latest such case before the decision below is *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389, 391 (2 Cir. 1965), *cert. den.* 383 U. S. 942 (1966). In that infringement suit under the Lanham Act, the trial court found, almost in the words of the findings in the present case, that defendant had acted "wilfully with full knowledge of plaintiff's rights and as part of a pre-conceived plan to trade upon plaintiff's good will" (p. 391). It granted an injunction and legal fees but denied an accounting. Both parties appealed, plaintiff from the denial of an accounting, defendant from the award of attorney's fees. The Court of Appeals (per Lumbard, C. J. and Moore and Marshall, JJ.) affirmed the award of fees, left "for determination by the District Court on remand whether a further allowance should be made for the expenses incurred on remand", and itself allowed plantiff an additional sum "for legal expenses on this appeal" (p. 391). "All the active circuit judges [were] advised of this opinion and no one of them has requested *en banc* consideration" (p. 397).[8] On petition to this Court for certiorari (No. 763, Oct. Term 1965, filed Nov. 24, 1965), defendant presented as one of the questions

> "whether a trademark plaintiff may be awarded legal fees and expenses incurred in the prosecution of the action, when the relief ultimately granted is no more than that which was tendered to and refused by it at the commencement of the action."

That petition, assailing the power, was denied.

Twice before the Second Circuit had upheld the power to award attorney's fees in Lanham Act cases. In *Maternally Yours*

8. The other active Circuit Judges were Judges Robert P. Anderson, Henry J. Friendly, Paul R. Hays, Irving R. Kaufman and J. Joseph Smith.

v. Your Maternity Shop, 234 F.2d 538, 545 (1956) (per Clark, C.J., and Medina and Waterman, JJ.), it had held:

> "It is now settled that counsel fees may be awarded to the successful litigant in trademark infringement cases when there is a finding of fraud."

Still earlier, in *Admiral Corp. v. Penco, Inc.*, 203 F.2d 517, 521 (1953), the same court (per Augustus N. Hand, Chase and Clark, JJ.) had held:

> "The permanent injunction and the counsel fees awarded plaintiff were fully justified."

In addition, the court there also awarded plaintiff further attorney's fees for having to defend its judgment on appeal.

In 1941, in a case arising under the Federal Trademark Act of 1905, the Seventh Circuit in *Aladdin Mfg. Co. v. Mantle Lamp Co. of America*, 116 F.2d 708, had held (p. 717):

> "Counsel's fees necessitated by the tort have been said in some instances to be recoverable as part of the compensatory damages and in other cases as a part of exemplary damages. As the master's finding of wilful and fraudulent conduct is sustained by the evidence, this sum was recoverable as compensatory damages and hence properly included in the amount recommended by him."

The court below refers to this *Aladdin* decision as the earliest reported case in which attorney's fees were awarded (R. 106) and dismisses it because "No authority is cited" (R. 107). But the court there was not only purporting to state the law; it was reflecting practice in trademark cases. The opinion was written by Judge Walter C. Lindley, with Judges Evan Evans and William M. Sparks concurring. These three judges represented among them a total of 49 years on the federal bench, up to that time, preceded by 42 years at the bar. Judge Lindley began his practice in 1904, became a leading trial lawyer in Illinois, and was for six years a Master in Chancery in the federal court before his eleva-

tion to the bench, and he was later on the Emergency Court of Appeals.[9] The legal practice of the concurring judges reached back into the 19th century. The quoted statement in their opinion was not only a statement of the law "in books", *it was the very feeling of equity in practice.*

In 1954 the Seventh Circuit affirmed an award of attorney's fees in a Lanham Act suit in *Keller Products, Inc. v. Rubber Linings Corp.,* 213 F.2d 382, 388, although the facts were so close that an award of punitive damages by the District Court was reversed.

In between the *Aladdin* case and the *Monsanto* case *all* other federal Courts of Appeals to which the question came reached the same conclusion.

So recently as 1963, the First Circuit, in *Baker v. Simmons Company,* 325 F.2d 580, 583 affirmed an award of $148,833 of attorney's fees, saying:

> ". . . there is more than sufficient authority for the allowance of counsel fees in Lanham Act actions where the defendant is found guilty of fraud and palming-off."

The opinion of the court below cites *Century Distilling Co. v. Continental Distilling Corp.,* 205 F.2d 140, 149 (3 Cir., 1953), *cert. den.* 346 U. S. 900 (1953), as a case where, in denying attorney's fees, the District Court had "expressed doubt * * * as to his power to make an award, and that his decision was affirmed." But the decision of the Third Circuit was to the very contrary of the implication. It held, in affirming, that "Such expenses *may be allowed as damages* in an infringement suit if there is a showing of fraud" (205 F.2d at 149, per McLaughlin, Biggs and Goodrich, JJ.). The reason why it nevertheless declined to reverse the denial of an award was its holding that the matter *was primarily within the trial court's discretion.*

---

9. Biographical data from the tributes printed at 300 F.2d 17-23.

Before the present decision it was the settled law in the Ninth Circuit that attorney's fees could be awarded to a plaintiff in this kind of case and circumstances. *National Van Lines v. Dean*, 237 F.2d 688 (1956); *Wolfe v. National Lead Company*, 272 F.2d 867, 873 (1959); *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89, 90 (1962), *cert. den.* 371 U.S. 934 (1962). In the *National Van Lines* case, the court had said (237 F.2d at 694):

> "Since we have found appellee's acts to have been wilful and calculated to trade upon appellant's good will, the latter is entitled to recover its actual and reasonable attorney's fees incurred in this litigation."

In *Wolfe v. National Lead Company*, 272 F.2d 867, 873, it said:

> "In the light of the judicial determination that the infringement was deliberate and fraudulent, this allowance was proper."

The opinion of the court in the present case rejects these prior decisions. Thus:

> "*Wolfe* * * * is expressly grounded on the Lanham Act and on *National Van Lines*, which does not differentiate, so far as attorney's fees are concerned, between the two grounds [unfair competition and trademark infringement]. Thus *Wolfe* is authority for the award here made, and it makes *National Van Lines* an authority on the same question. We must either follow them, limit or overrule them." (R. 101, 102)
>
> *   *   *   *   *   *   *
>
> "We overrule *Wolfe*, to that extent, and limit *National Van Lines* to its actual holding, as to the correctness of which we express no opinion." (R. 114)
>
> *   *   *   *   *   *   *
>
> "It [*High Fidelity Recordings*] was an action for unfair competition under California law. It is not a trademark case. We need not consider whether it correctly applied California law." (R. 106)

But this disposition of *High Fidelity,* together with the overruling of *National Van Lines* so far as it was a trademark case while leaving it untouched so far as it was an unfair competition case, discloses a gap in the court's reasoning. In *Hagemeyer Chemical Co. v. Insect-O-Lite Co.,* 291 F.2d 696 (1961) the Sixth Circuit also held that attorney's fees may be awarded in an unfair competition case. Now *every* trademark infringement is also an act of unfair competition, *United Drug Co. v. Rectanus Co.,* 248 U.S. 90, 97 (1918). The law of trademarks "is but a part of the broader law of unfair competition", *Hanover Star Milling Co. v. Metcalf,* 240 U.S. 403, 413 (1916).[10] If attorney's fees may be awarded to a successful plaintiff in an unfair competition case of vaguer contours, it baffles reason to know why attorney's fees cannot be granted in unfair competition of the rawest, sharpest and clearest kind, trademark infringement. There can be no possible basis for distinguishing between the two other than to postulate that the Lanham Act subtracted from federal courts a power otherwise possessed. And that explanation is wholly untenable, as we show below (at pp. 36, 37). Moreover, the present case was not only for trademark infringement, it charged unfair competition in just those words (R. 2, para. 1).[11]

---

10. Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946) by the Senate Committee on patents reporting on H.R. 1654 which became the Lanham Act (U. S. Code Congressional Service, 79th Cong., 2d Sess. 1274, 1275) states:

> "There is no essential difference between trade-mark infringement and what is loosely called unfair competition. Unfair competition is the genus of which trade-mark infringement is one of the species; 'the law of trade-marks is but a part of the broader law of unfair competition' (*United Drug Co. v. Rectanus,* 248 U. S. 90, 97). All trade-mark cases are cases of unfair competition and involve the same legal wrong."

11. Despite that fact, the opinion below felt that it need not come to grips with the question of power to award fees in an unfair competition case because on the first appeal "our decision was based solely on the Lanham Act (see 314 F.2d at 151, 152)" (R. 100). But its decision that there was trademark infringement necessarily held that there was unfair competition.

In addition to appellate decisions, there are numerous reported District Court decisions. None deny the power to award fees in Lanham Act cases. Most grant fees; others have denied them, not for lack of power, but because of circumstances of innocence. Two cases will serve for illustration. In *Francis H. Leggett & Co. v. Premier Packing Co.*, 140 F. Supp. 328 (D. Mass. 1956), the court ruled (p. 332):

> "after notification and the opportunity to inquire and confirm the plaintiff's claims, the defendant persisted in the affront, and maintained its sales under the offending label. * * * Attorneys' fees are to be included in this order, due to defendant's refusal to terminate its trespass on plaintiff's property after notice had been duly posted by the plaintiff."[12]

In *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962) Senior Judge Leahy in a carefully reasoned opinion upheld the existence of the power but declined to exercise it because of the absence of any malicious conduct on the infringer's part. There defendant infringed "Virginia Gentleman" by using "Indiana Gentleman", but did so only on 4 cases of whiskey, to establish interstate commerce for registration of the mark, and defendant discontinued as soon as the plaintiff objected (p. 380). These facts, the court said, distinguished the case from *Francis H. Leggett & Co. v. Premier Packing Co.*, supra.

III. Trademark Litigation Is a Kind of Litigation Peculiarly Warranting Exercise of the Historic Equity Power to Award Fees.

In any inquiry whether attorney's fees should be allowed "in an equity suit, the character of the litigation is one of the main determining factors." So it is stated in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir. 1928), which

12. So also *National Dairy Products Corp. v. Willever*, 139 U.S.P.Q. 443 (E.D. Mich. 1963); *Youthform Co. v. R. H. Macy & Co.*, 153 F. Supp. 87, 95 (N.D. Ga. 1957).

we discuss further at p. 28 below because of its nature as a prelude to *Sprague v. Ticonic National Bank*, 307 U.S. 161 (1939). And we have seen (pp. 17-22 above) that trademark litigation has been regarded by common consent as of a character peculiarly warranting that relief where elements of fraud are present. It is easy to see why this is so.

On the one hand (1) a plaintiff's rights are important and valuable but intangible, and (2) the interest of the public in being protected from deceit is involved. On the other hand, unless the infringer faces the possibility of paying attorney's fees, he has little to lose to deter his piracy.

Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946), by the Senate Committee on Patents, reporting on H. R. 1654, which became the Lanham Act, stated (U.S. Code Congressional Service, 79th Cong., 2d Sess. 1274, at 1275):

> "The purpose underlying any trademark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trademark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. * * *
>
> "*The protection accorded trade-marks is merely protection against swindling.*
>
> * * * * * * *
>
> "The matter has been approached with the view of protecting trade-marks and making infringement and piracy unprofitable.
>
> * * * * * * *
>
> "Trade-marks, indeed, are the essence of competition, because they make possible a choice between competing articles by enabling the buyer to distinguish one from the other. Trade-marks encourage the maintenance of quality by securing to the producer the benefit of the good reputation which

excellence creates. *To protect trade-marks, therefore, is to protect the public from deceit*, to foster fair competition, and to secure to the business community the advantages of reputation and good will by preventing their diversion from those who have created them to those who have not. This is the end to which this bill is directed."[13]

As often as not in trademark litigation—probably more often than not—a defendant will be larger and wealthier,[14] arrogantly seeking to utilize its deeper pocket to drown the plaintiff in the expenses of litigation and thereby to purloin his good will and business. If confronted by the prospect of these expenses with no prospect of recovering them, a plaintiff would be under pressure to collapse and abandon his claim. If nevertheless the plaintiff should perservere, the infringer could smugly reflect that "heads I win; but tails I do not lose," if a mere injunction could issue should the case go against him; his gamble would be one without risk.

In this age of mass use of communications media, an enterprise may have as much invested in advertising and in producing good will as in physical equipment. Good will may be its greatest asset. In such a culture, as observed in "Financial Recovery in an Action for Trademark Infringement", 47 The Trademark Reporter, p. 1297 (1957), it is "proper" that recovery in a trademark case should include reasonable attorney's fees and litigation expenses so that the relief can "be sufficient to deter future infringers" (1338). It is with sensitive appreciation of this fact that until the present decision *all* courts having had occasion to deal with the precise question have recognized that adequate protection of this property against a deliberate purloiner warrants

13. Part of the first paragraph of the foregoing is quoted in *Monsanto Chemical Co. v. Perfect Fit Products Mfg. Co.*, 349 F.2d 389, at 395.

14. *E.g., Conley v. Colgate-Palmolive Co.*, 125 U.S.P.Q. 2 (N.D. Cal. 1959).

inclusion of reasonable attorney's fees and litigation expenses in the assessment. A denial of the power to award counsel fees may deter proper infringement litigation, which not only vindicates the rights of trademark owners but also protects the public from confusion and deception.

Professor Walter J. Derenberg, who has written an annual review of decisions under the Lanham Act since its enactment, reviews the decision below in *"The Nineteenth Year of the Administration of the Lanham Trademark Act"*, 56 The Trademark Reporter 691, 754 (Oct. 1966). While offering no opinion on whether the decision is correct as a matter of strict statutory construction, he states that

> "the result, in this writer's opinion, is rather deplorable in that it may serve further to encourage unscrupulous competitors and infringers; * * *"

In *Vaughan v. Atkinson,* 369 U.S. 527 (1962), an award of attorney's fees was upheld as part of the damages in a suit for maintenance and cure because defendant's "callous" attitude and "recalcitrance", its "willful and persistent" default, forced the plaintiff to hire a lawyer and go to court to protect his rights. These are the very characteristics so often found in trademark infringers that have impelled the courts to award attorney's fees in trademark cases.

There is the converse situation. Courts have awarded fees in trademark cases *to a successful defendant* where plaintiff's suit was in bad faith, to harass defendant, as to make him abandon his rights under the burden of expense. Thus in *General Motors Corporation v. Cadillac Marine & Boat Co.,* 226 F. Supp. 716 (W.D. Mich. 1964) plaintiff General Motors was ordered to pay $41,000 counsel fees to defendant, a small boat builder in Cadillac, Michigan, for services of counsel in the trial court alone in defending his right to use the name "Cadillac". So also *John R.*

Thompson v. Holloway, 141 U.S.P.Q. 355 (N.D. Tex. 1964). Attorney's fees have never been allowed so readily to a defendant against a plaintiff, as to a plaintiff against a defendant. In the elaborate review of the law in *Guardian Trust Co. v. Kansas City Southern Ry.*, 28 F.2d 233 (8 Cir. 1928) the strict circumstances in which English Chancery awards attorney's fees to a defendant are noted. The difference is readily understandable. When a plaintiff sues, he but invokes the tribunals established by the state to determine whether the right he asserts exists. But one who is sued has been hailed into court to answer because he has taken it upon himself to act out of court, to steal something belonging to a plaintiff or to commit an act akin to theft or to damage plaintiff in order to profit himself.

It follows that, if there were no power to award fees to a plaintiff against a fraudulent infringer, *a fortiori* there would be no power to award fees to a successful defendant imposed on by a conscienceless plaintiff.

IV. The Premises and Reasoning of the Court Below Are in Error.

The opinion below sweeps aside the uniform body of authority reviewed at pp. 17-23 above as "not well considered" (R. 111). We respectfully submit that the reasoning of the court below fails to stand analysis just as its conclusion fails to conform to sound policy or good equity. The court's opinion rests, essentially, on two incorrect suppositions and one false contrast:

1. It hypothesizes a pervasive rule in the United States categorically precluding a successful party from recovering attorney's fees.
2. It asserts that the Lanham Act makes no provision for attorney's fees.
3. It poses a false contrast with the Patent Law.

We now consider each of these.

A. IT IS PART OF THE HISTORIC POWER OF FEDERAL COURTS OF EQUITY, TO AWARD ATTORNEY'S FEES IN APPROPRIATE CIRCUMSTANCES.

The court below states (R. 102):

> "We start with the [supposed] long established principle that a successful party cannot, in an ordinary action at law or in equity, recover his attorney's fees incurred in the action, unless such recovery is provided for by statute or contract."

This is a suit in equity, and the cases cited by the court below to sustain its statement simply fail to do so as respects such suits. We review all those citations at pages 32-35, below. Federal courts *do* have the power in equity cases to award attorney's fees. In 1928, the subject was given an elaborate and scholarly study in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, 28 F.2d 233 (8 Cir.) where the court awarded attorney's fees to *defendant*. While that decision was reversed on other grounds in *Kansas City Southern Ry. v. Trust Co.*, 281 U. S. 1 (1930), this Court observed (pp. 9 and 10) that "We express no opinion on the power of a federal equity court to award attorney's fees."

In 1939, when the question again came before this Court in *Sprague v. Ticonic National Bank*, 307 U. S. 161, it covered the history in very much the same way as had been done in the *Guardian Trust* case, came to the same conclusion, affirmed the existence of the power, and put to rest any doubts on the subject. The power was unambiguously reaffirmed in *Vaughan v. Atkinson*, 369 U. S. 527, 530 (1962), when this Court stated, "As we said in *Sprague v. Ticonic Bank*, 307 U. S. 161, 164, allowance of counsel fees and other expenses entailed by litigation, but not included in the ordinary taxable costs regulated by statute, is 'part of the historic equity jurisdiction of the federal courts'."

Among the multitude of cases in the dusty books expressions of disapproval of the allowance of fees can be found. But such

expressions were not denying the power; they were simply disapproving its exercise as the ordinary practice in every case. The principal cases of this nature, including those cited by the court below in its footnote 2 (R. 102), like *Oelrichs v. Spain*, 82 U. S. (15 Wall.) 211 (1872), were carefully considered in *Guardian Trust Co. v. Kansas City Southern Ry. Co.*, supra, and correctly characterized thus (p. 244):

> "But such refusals [to award fees] were based, not upon any lack of power in the court, but because it was not deemed wise policy to allow attorney's fees to be taxed as costs in ordinary equity cases. * * * We think it may be safely stated, however, that whenever there have come before federal courts of equity cases in which special facts showed that, in accordance with established principles of right and equity, costs 'as between solicitor and client' ought to be allowed, the courts have not refused to make such allowances."

The gist of the matter, as stated by this Court in the *Sprague* case, is this. The First Judiciary Act, enacted in 1789 contemporaneously with the very birth of the Republic, 1 Stat. 73, gave the federal courts the entire "body of remedies, procedures and practices which theretofore had been evolved in the English Court of Chancery." It is this body of remedies, procedures and practices which constitutes the "historic equity jurisdiction of the federal courts," and they have possessed it ever since, except as Congress may have expressly modified it. And as the English Courts of Chancery included attorney's fees in the allowance of costs, the power to do so is part of the power of federal courts. *Sprague* and *Vaughan* specifically so hold in a complete exposition.

The opinion below, stepping beyond trademark cases, goes so far as to assert that this historic equity power is confined to a case where a plaintiff's efforts have resulted in recovery of a fund in which others share (R. 113). While the court confesses

that the language in *Sprague* "does indicate a broader power, and could be used to support the power to award fees such as this" (R. 113), it asserts that in actuality *Sprague* does not go so far. But *Sprague* plainly said that the case of recovery of a fund was but one example, albeit a common one, that it did not comprise the whole of the power, and that the foundation of the practice "is part of the original authority of the Chancellor to do equity in a particular situation" (307 U. S. at 166).

Before *Sprague,* the court in *Guardian Trust Co. v. Kansas City Southern Ry. Co.,* 28 F.2d 233 (8 Cir., 1928) had answered this very contention that a fund must be present in court in order to allow an award of fees (p. 245):

> "But this fact has not conditioned the jurisdiction of the court to make such allowance. *There is no statute or rule to that effect, nor has such been the practice.*"

Since *Sprague,* other Courts of Appeals, after careful examination of what *Sprague* held, have relied on it to support the general power of a federal court in equity to award attorney's fees in cases not involving a common fund. *United Auto Workers v. American Brake Shoe Co.,* 298 F.2d 212, 214 (4 Cir., 1962), *cert. den.,* 369 U. S. 873 (1962); *Cleveland v. Second Nat'l Bank & Trust Co.,* 149 F.2d 466, 469 (6 Cir., 1945), *cert. den.,* 326 U. S. 775 (1945). In the *United Auto Workers* case the Fourth Circuit, upholding the power to award attorney's fees in a suit under the Labor Management Relations Act, reviews *Sprague* and notes that its rationale "has found application in a variety of situations in subsequent cases". Moreover, it relies (298 F.2d at 215) *on federal trademark cases as authority,* particularly the very decisions of the Ninth Circuit which the latter has now rejected, i.e., *National Van Lines v. Dean* and *Wolfe v. National Lead Company.*

The opinion below (fn. 13, R. 113) asserts that "Only one case has cited *Sprague* in a case comparable to the present one,

Carter Prods., Inc. v. Colgate-Palmolive Co., D. Md., 1963, 214 F. Supp. 383, and that was a patent case, where the statute does provide for the recovery of attorney's fees." With all deference, this description of *Carter* is inaccurate. *Carter* involved both patent infringement and theft of trade secrets, and protection of trade secrets is part of the law of unfair competition. The court awarded fees on *both* aspects of the case, as shown by the following passages (214 F. Supp. at 414-415):

> "Colgate disputes, on both legal and factual grounds, the propriety of any award for services rendered . . . in connection with the trade secret issues.
>
> * * * * * * *
>
> "[Colgate asserts] that even if some award is proper it should be restricted to all or part of those fees which are attributable to the patent issues.
>
> * * * * * * *
>
> "The award of fees with respect to the patent issues is controlled by 35 U.S.C.A. § 285 . . . .
>
> * * * * * * *
>
> "There is no similar statute with respect to the trade secret issues. Any such award must be based upon the inherent power of a federal court to award attorneys' fees as costs in certain types of cases. The general field has been recently explored by . . . [the *United Auto Workers* case.] The careful opinion in that case quoted basic principles from *Sprague v. Ticonic National Bank* . . . .
>
> * * * * * * *
>
> "This court reaffirms its finding and conclusion that the misappropriation of plaintiffs' trade secrets by Colgate was unconscionable, willful, and in bad faith, the equivalent of fraud. . . . Plaintiffs are, therefore, entitled to an allowance for reasonable attorneys' fees and disbursements *incurred in connection with the trade secret issues as well as the patent issues.*"

Still again, *Sprague* was cited in support of the power to award attorney's fees in a Lanham Act case in *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.*, 204 F. Supp. 374 (D. Del. 1962), which we discuss at pp. 36, 37 below.

Review of Citations in the Opinion Below Concerning Power of Federal Courts.

Since *Sprague* put the question to rest, a review of prior decisions need not be labored. But it is revealing to survey the citations in footnote 2 of the opinion below (R. 102). Seven of the 10 citations were actions at law, 6 of them tried before a jury and simply holding that juries may not include attorney's fees and expenses of litigation in their verdict as damages.[15]

The first citation, *Arcambel v. Wiseman*, 3 U. S. (3 Dall.) 306 (1796) is so sketchedly reported, in about a half page, that 76 years later[16] this Court commented that it did not know what kind of action it was. But in 1820 Mr. Justice Story of this Court, while riding circuit, in *Boston Mfg. Co. v. Fiske*, 3 Fed. Cas. 957 (Case No. 1681) took the trouble to examine the original record and said that *Arcambel* "must have referred only to the general practice in the courts of common law in the United States, not to tax counsel fees in the bill of costs". He concluded that the Court had ruled as it did in *Arcambel* simply because of the particular facts of the case then before

15. *Day v. Woodworth*, 54 U. S. (13 How.) 362 (1851); *Teese v. Huntingdon*, 64 U. S. (23 How.) 2 (1859); *Flanders v. Tweed*, 82 U.S. (15 Wall.) 450 (1872); *Philp v. Nock*, 84 U.S. (17 Wall.) 460 (1873); *Stewart v. Sonneborn*, 98 U. S. 187 (1878); *Tullock v. Mulvane*, 184 U. S. 497 (1902). *Missouri Pacific Ry. Co. v. Larrabee*, 234 U.S. 459 (1914) was a mandamus proceeding. Although in such a proceeding a court has a range of discretion, "[m]andamus is essentially and exclusively a common law remedy and is unknown to equity practice", *Heine v. The Levee Commissioners*, 86 U. S. (19 Wall.) 655, 660 (1873); it is an "ordinary action at law", *Commonwealth of Kentucky v. Dennison*, 65 U.S. (24 How.) 66, 97 (1860).

16. In *Oelrichs v. Spain*, 82 U. S. (15 Wall.) 211 (1872).

it. In *Boston Mfg. Co. v. Fiske, supra,* Mr. Justice Story held that a jury in a patent action at law could include counsel fees and other necessary expenses of the litigation in the damages. In *Allen v. Blunt,* 1 Fed. Cas. 450 (Case No. 217) (1846), another patent action at law, Mr. Justice Woodbury, on circuit, followed Justice Story's decision. The following year Mr. Justice Grier in *Stimpson v. The Railroads,* 23 Fed. Cas. 103 (Case No. 13,456), another patent action before a jury, disapproved the view that a jury could award counsel fees as part of its damages. But, significantly, Mr. Justice Grier said that Justice Story had been influenced by admiralty law, which derived from Civil Law, and had overlooked the fact that actions at law were different. Inasmuch as equity practice also derives from the Civil Law, Justice Grier thus recognized that equity does have power to award counsel fees. Four years later, when Justice Grier wrote the Court's opinion in *Day v. Woodworth,* 54 U. S. (13 How.) 362 (1851),[17] a jury action for trespass to land, he said that the practice of including "in certain cases a sum sufficient to indemnify the plaintiff for counsel fees and other . . . litigation expenses over and above taxed costs," was "borrowed from the civil law" (p. 371). The Court thereby recognized that the power exists in equity.

The principal case relied on in the opinion below as to lack of power is *Oelrichs v. Spain,* 82 U. S. (15 Wall.) 211 (1872), a suit to recover damages on a bond given in another case to secure an injunction later held to have been wrongfully issued. That kind of an action is normally an action at law, in assumpsit, and its maintenance in equity was sustained in *Oelrichs* because of the large number of claimants. In holding that counsel fees should not have been included as an element of damages covered by the bond, the cases cited in addition to *Arcambel v. Wiseman,*

---

17. This is the second case cited in footnote 2 in the opinion below.

supra, were *Teese v. Huntingdon, supra; Stimpson v. The Railroads, supra; Day v. Woodworth, supra; Whittemore v. Cutter*, 29 Fed.Cas. 1120 (Case No. 17,600) and *The Baltimore*, 75 U. S. (8 Wall.) 377 (1869). All but *The Baltimore* were actions at law tried to a jury; *Whittemore v. Cutter* was an 1813 decision of Mr. Justice Story which he expressly disavowed in 1820 in *Boston Mfg. Co. v. Fiske, supra.* While *The Baltimore* was a suit in admiralty, it went off on the view that the Fee Bill of 1853 (10 Stat. 161) was exclusive and precluded other allowance. But nine years after *Oelrichs v. Spain, supra*, this Court in *Trustees v. Greenough*, 105 U. S. 527 (1881) overruled this view of the Fee Bill of 1853 as applied to suits in equity. It there ruled (p. 536) that the Fee Bill of 1853 "contains nothing which can fairly be construed to deprive the Court of Chancery of its long established control over the costs and charges of the litigation to be exercised as equity and justice may require * * *"[18] Nine years later this Court said in *United States v. Waters*, 133 U. S. 208, 212 (1890), "Both before and since the enactment of the statute of 1853, courts in the exercise of their discretion have allowed counsel fees in many cases without question when reviewed by this court".

The only other equity case cited in footnote 2 in the opinion below is *Rude v. Buchhalter*, 286 U. S. 451 (1932). But that case plainly recognized that federal courts in equity may allow counsel fees, not "as of course" in every case as in England, but in proper circumstances (p. 460). There the allowance had been made, not to a plaintiff, but to a defendant. It was set aside because it had not been made by the District Court, had not been sought or was even in issue either in the District Court or

18. *Trustees v. Greenough* is cited in *Sprague v. Ticonic National Bank*, 307 U. S. 161 at 165, 166, to this very point. Although *Trustees v. Greenough* involved a fund, *Sprague* made clear that the equity power is not confined to a fund case.

in the Court of Appeals, but had been injected by the Court of Appeals without request by the one litigant or opportunity of the other to be heard. Moreover, the facts as found by the District Court showed that the plaintiff had been guilty of no inequitable conduct.

The court below dismisses as unsound every decision in a trademark case except Judge Manton's in *Gold Dust Corp. v. Hoffenberg,* 87 F.2d 451 (2 Cir. 1937). *Gold Dust* is a slender reed. In the first place, the Court of Appeals for the Second Circuit itself said in *Maternally Yours v. Your Maternity Shop,* 234 F.2d 538, 545 (1956), that it had long since overruled the *Gold Dust* case. In the second place, if the *Gold Dust* decision is predicated on the view that a court may no more award attorney's fees in equity than at law, that view was directly repudiated by this Court *two years later.* It is significant that in *Gold Dust* Judge Manton refers for support to this Court's refusal in *Kansas City Southern Ry. Co. v. Trust Co.,* 281 U.S. 1 "to pass upon the question of the existence of the power" (87 F.2d at 453). But two years later this Court met the question and upheld the power, in *Sprague v. Ticonic National Bank,* supra. In the third place, if *Gold Dust* is predicated on the view that the power should not be exercised in the circumstances before it, it is to be noted that the case did *not* involve an award of fees to a successful plaintiff but an award to a successful defendant. As we have seen (p. 27, supra), fees are much more sparingly awarded to the latter than the former, for very sound reasons.[19]

In short, the view of the court below that federal courts of equity may not award counsel fees cannot withstand analysis of the citations on which it is based. . .

---

19. Consciousness of the difference is reflected in the fact that statutes allowing recovery of attorney's fees in actions at law, as in anti-trust cases, make provision for the one but not for the other.

B. THE LANHAM ACT DOES NOT ABROGATE THE HISTORIC POWER IN TRADEMARK CASES; ON THE CONTRARY, IT AFFIRMS IT.

The second base of the reasoning below is the premise that the Lanham Act makes no provision for an award of attorney's fees. This, said the court, was its primary ground of decision (R. 114). But this is an erroneous premise.

While attorney's fees are not referred to in the Lanham Act in express words, Section 35 of the Act (quoted, pp. 2, 3 above) provides that

> "Plaintiff shall be entitled . . . *subject to the principles of equity,* to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and, (3) the costs of the action."

The Lanham Act was enacted in 1946, just five years after *Aladdin Mfg. Co. v. Mantle Lamp Co. of America,* 116 F.2d 708 (7 Cir.) and seven years after this Court's landmark decision in *Sprague v. Ticonic National Bank,* 307 U. S. 161. In *Sprague* this Court had shown that the power to award attorney's fees is part of the historic equity jurisdiction of the federal courts. In *Aladdin* the court had stated that counsel fees in trademark cases were traditionally awarded. *Nowhere in the legislative history of the Lanham Act was the power doubted or questioned.* It is inconceivable that the basic power was abrogated *sub silentio* by the Lanham Act; the rational conclusion is the very opposite, that the power was reaffirmed by the affirmation in the Act of the principles of equity. This Court, in *Federal Trade Commission v. Dean Foods Co.,* 384 U. S. 597, 609, 610 (1966) said:

> "We cannot infer from the fact that Congress took no action at all on the request of the Commission to grant it or a district court power to enjoin a merger that Congress thereby expressed an intent to circumscribe traditional judicial remedies."

In *A. Smith Bowman Distillery, Inc. v. Schenley Distillers, Inc.,* 204 F. Supp. 374 (D. Del. 1962), a Lanham Act case, Senior

Judge Leahy in a careful opinion scrutinized and rejected the very argument made by the court below. He observed (fn. 12, p. 376):

> "At no point in the congressional history [of the Lanham Act] is there any statement that judicial power to tax legal fees as costs did not exist or would be forbidden absent some express statutory provision in the Act."

Citing *Sprague v. Ticonic National Bank*, supra, as establishing the power to grant fees, he said (p. 377):

> "Mere silence and inaction by Congress cannot be held to have repealed what has been found to be a well-established judicial power. Even though the Lanham Act may have been intended to be an integrated and comprehensive set of rules for trademark regulation and litigation to the exclusion of all conflicting rules, the retention of discretionary judicial power over the fixing of costs does not seem such a threat of inconsistency that it should by implication be held pre-empted or repealed by the Act. Some more positive action on the part of the legislature is necessary to indicate the Congressional intent to regulate what has long been an orthodox judicial function."

Thus, had the Act omitted any reference to "the principles of equity", Congress would not be deemed by its silence to have curbed judicial powers which had theretofore existed; and the express inclusion of that phrase in the Act wholly refutes the rationale of the opinion below.

C. THE CONTRAST POSED BY THE COURT BELOW BETWEEN THE LANHAM ACT AND THE PATENT LAW AND COPYRIGHT ACT IS A FALSE ONE.

The court below relied greatly (R. 103) on a supposed contrast of the Lanham Act with the Patent Code and the Copyright Act, in that the patent statutes provide, *ipsissimis verbis*, for award of attorney's fees (35 U.S.C. § 285), as does the Copyright Act (17 U.S.C. § 116). The court cites *Teese v. Huntingdon*,

64 U.S. (23 How.) 2, 8-9 (1859) and *Philp v. Nock*, 84 U.S. (17 Wall.) 460 (1873) as patent cases in which it was held that fees could not be awarded, and the court then asserts that it is "almost incredible, that none of the other [trademark] cases [allowing attorney's fees] . . . even mentions . . . *Teese v. Huntingdon* and *Philp v. Nock*. . . ." (R. 102, 111.)

This remark could never have been made about a whole roster of distinguished jurists if the court had paused to observe that *Teese v. Huntingdon* and *Philp v. Nock* were not equity cases but *actions at law for damages*, tried by a jury, and that all this Court held was that "Counsel fees are not a proper element for the consideration *of the jury* in the estimation of damages in actions for the infringement of a patent right" (64 U.S. at 8; see also 84 U.S. at 462).[20] An express statute was necessary in patent cases to allow fees in actions at law, and the patent statute does this (*Fischer & Porter Co. v. Brooks Rotameter Co.*, 86 F. Supp. 502 (E.D. Pa. 1949).

Moreover, there is so wide a difference between patents and copyrights, on the one hand, and trademarks on the other as to require an express statutory grant for the allowance of fees in cases of the first two but not in the case of the trademark. Both the patent right and the copyright are purely creatures of Congressional will, of statute, without which they cannot exist. And both are exceptions to the deep policy against monopoly, for both are the most rigid kind of monopoly. Patents and copyrights exclude the whole world but the owner from any trade or commerce in their subject matter. Justly, then, the remedies for their vindication are what Congress sees fit to prescribe expressly, and no more.

The trademark is radically different. In the first place, it is not a creature of statute at all but of equitable principles. *Trade-Mark*

20. The only citation in *Teese v. Huntingdon* relative to counsel fees is *Day v. Woodworth*, 54 U. S. (13 How.) 362. As we have seen (at p. 33 supra), that was a jury tried action at law for trespass to realty in which this Court distinguished between common law and civil law, i.e., between law and equity power.

Cases, 100 U.S. 82, 92 (1879); *G. & C. Merriam Co. v. Saalfield,* 198 Fed. 369, 372 (6 Cir., 1912).[21] In the second place, it creates no monopoly, and its protection does not carve out an exception to a public policy but forwards the policy of protecting the public from fraud. It is a mark of identification, of individuality, of origin and of good will. The whole world is free to deal in the same goods but not under false colors.[22] The right to trademark protection existed before any Act of Congress; the federal Act simply provides federal remedies in recognition of the importance of trademarks. The remedies for vindication of trademarks spring from that body of Chancery practices imported by the Judiciary Act. While Congress may subtract remedies, it would do so expressly, not by attenuated inferences.

21. So also, *West Point Mfg. Co. v. Detroit Stamping Co.,* 222 F.2d 581, 590, n. 2 (6 Cir. 1955); *Pacific Supply Cooperative v. Farmer's Union Central Exchange,* 318 F.2d 894, 905 (9 Cir., 1963), *cert. den.* 375 U. S. 965 (1964).

22. As said in *United Drug Co. v. Rectanus Co.,* 248 U. S. 90 (1918), a trade mark right "has little or no analogy" to a copyright or patent (p. 97) and

> "In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold." (p. 98)

Senate Report No. 1333, 79th Cong., 2d Sess. 1-2 (1946), reporting on H.R. 1654, which became the Lanham Act, states (U. S. Code Congressional Service, p. 1275):

> "* * * no monopoly is involved in trade-mark protection.
>
> "Trade-marks are not monopolistic grants like patents and copyrights (*Trade-mark* cases, 100 U. S. 82)."

In *Standard Oil Company (Kentucky) v. Humble Oil and Refining Co.,* 363 F.2d 945, 954 (5 Cir. 1966) the court observed:

> "A product has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the product of another company. There is not now, nor has there ever been, a conflict between the antitrust laws and trademark laws or the law of unfair competition. The antitrust laws could go no further than to envision Humble's entering the market and competing under one of its non-Standard Oil tradenames and marks. In this way Humble could obtain customers based on its own merits."

D. ATTORNEY'S FEES CAN BE AWARDED IN LANHAM ACT CASES AS COMPENSATORY FOR LOSS INFLICTED.

Although the English Chancery practice, from which federal courts derive their powers in equity, grants counsel fees under the rubric of "costs", the rubric is of no moment. Federal courts have awarded counsel fees without reference to the term "costs", *Vaughan v. Atkinson*, 369 U.S. 527 (1962). As already noted, *Aladdin Manufacturing Co. v. Mantle Lamp Co. of America*, 116 F.2d 708 (7th Cir. 1941) stated that in trademark cases counsel fees were in some instances said to be "recoverable as part of the compensatory damages and in other cases as part of the exemplary damages". An award which merely makes plaintiff whole for what he must reasonably pay is compensatory, as this Court held in *Vaughan v. Atkinson*, supra. In *United Auto Workers v. American Brake Shoe Co.*, 298 F.2d 212, 213 (4 Cir. 1962) the court said that "[i]n actions for unfair competition attorney's fees are assessed as an element of damages when the wrongdoer's action is unconscionable, fraudulent, willful, in bad faith, vexatious, or exceptionable."

Section 35 of the Lanham Act allows both damages and profits and provides for augmenting them by multiple award where warranted by equity. Curiously, the opinion below would press from this fact an implication against allowance of counsel fees, when the rational implication is to the contrary. The court below speculates (R. 104, 105) that Congress gave courts so broad an authority to award damages in excess of those proved that "it may well have felt—as we do—that it would be piling Pelion on Ossa to provide for attorney's fees as well." But there are no damages to treble if actual damages are not proved. If compensatory recovery were confined to loss of sales or diversion of business, and if the expenses to which a plaintiff is put in protecting his trademark from theft, attrition or dilution cannot be included in even single compensatory award, Section 35's provision for damages would be in most cases a cynical futility. It is commonplace learn-

ing that more often than not a plaintiff in a trademark case cannot prove loss of sales or diversion of business for the simple reason that in the nature of things this kind of evidence is hard to come by; for that reason equity does not require evidence of actual confusion to obtain an injunction. *Miles Shoes, Inc. v. R. H. Macy & Co.*, 199 F.2d 602, 603 (2 Cir. 1952), *cert. den.* 345 U.S. 909; *Harold F. Ritchie, Inc. v. Chesebrough-Pond's, Inc.*, 281 F.2d 755, 761 (2 Cir. 1960). At other times damages are absent because the parties are operating in different markets or are not selling the same kind of goods, although these facts are no defense to the infringement.[23] The Act entitles a plaintiff to an accounting of profits whether or not he can prove and thereby recover actual damages. This it does, not in lieu of damages, but on the principles of unjust enrichment; if defendant has profited by use of plaintiff's property, in equity those profits belong to the plaintiff. *Hamilton-Brown Shoe Co. v. Wolf Bros. & Co.*, 240 U.S. 251, 259 (1916); *Monsanto Chemical Co. v. Perfect Fit Products Co., supra; Baker v. Simmons, supra; Blue Bell Co. v. Frontier Refining Co.*, 213 F.2d 354 (10 Cir., 1954). To deny the power to award attorney's fees to the plaintiff because a defendant has profited by his wrongful use of plaintiff's property and can be forced to disgorge what does not in equity belong to him is to confuse the rationale of the several remedies.

E. THE DISTRICT COURT ACTED WELL WITHIN ITS DISCRETION IN DECIDING TO AWARD ATTORNEY'S FEES.

The court below also cites its decision in *Park-In-Theatre, Inc. v. Perkins*, 190 F.2d 137 (1951) and states that under the standards there laid down the award here "would not be proper even if the

---

23. *Monsanto Chemical Co. v. Perfect Fit Products Co.*, 349 F.2d 389, 391 (2 Cir. 1965), *cert. den.* 383 U. S. 942 (1966); *Baker v. Simmons Co.*, 325 F.2d 580, 582 (1 Cir. 1963); *Blue Bell Co. v. Frontier Refining Co.*, 213 F.2d 354 at 362-3 (10 Cir. 1954); *Dad's Root Beer Co. v. Doc's Beverages, Inc.*, 193 F.2d 77 (2 Cir. 1951); *Maternally Yours v. Your Maternity Shop, Inc.*, 234 F.2d 538, 545 (2 Cir. 1956).

Lanham Act contained the same provision for recovery of attorney's fees as does the Patent Law" (R. 105, 106). This is an unsound comparison. *Park-In-Theatre* involved an award of attorney's fees to a *successful defendant*, not to a successful plaintiff; we have noted the difference between the two situations at pp. 27, 35, supra. To award fees to a defendant requires a highly aggravated situation, but in the *Park-in-Theatre* case plaintiff had acted in the highest good faith. He lost his patent infringement suit on a finding that his patent lacked invention. But he honestly believed that it was a good patent, and prior decisions in suits by him against others had "afforded ample ground for a belief that the claim here in suit was sufficiently substantial to merit litigation." 190 F.2d 142, 143. There is no similarity to the facts of this case. The opinion below (at R. 100) purports to see a similarity in the fact that at the first trial the District Court had found no infringement. But that judgment had been reversed because it rested, not on any finding of honest conduct by respondents, but on a fundamental "misconception of the law", viz., the out-moded notion that goods had to be of the same "descriptive properties". (App. 3, 4; 314 F.2d 149, 151, 152). The Court of Appeals on the first appeal and the District Court on remand both found that respondents acted *from the most improper motives and for reprehensible purposes* (see pp. 7-9, supra).

No one was better able to appraise the situation than the District Court on remand, and its exercise of discretion to award fees can by no stretch of imagination be called improper or an abuse. Former decisions of the Ninth Circuit show a truer appreciation of the irrelevance of a defendant's having gained an initial decision in the trial court. In *National Van Lines v. Dean*, 237 F.2d 688 (9 Cir. 1956), *Wolfe v. National Lead Co.*, 156 F. Supp. 883, 893 (N.D. Cal., 1957), aff'd 272 F.2d 867, 873 (9 Cir. 1959), and *High Fidelity Recordings, Inc. v. Audio Fidelity, Inc.*, 305 F.2d 86, 89 (9 Cir. 1962), *cert. den.* 371 U.S. 934

(1962), the plaintiffs were awarded attorney's fees where defendants had prevailed in the District Court but had been reversed. In the *Wolfe* case the court plainly observed (272 F.2d at p. 871):

> "Whether he believed himself to be within the law or not, he was knowingly and deliberately cashing in upon the good will of appellee. * * * One may view with some skepticism the proposition that the conduct of Wolfe from time to time throughout this continuing and constant course of infringement assumed an aspect of innocence wholly free from the original fraudulent intent."

Such is this case.[24]

Granting the power to make an award, reasonableness of the amount of fees awarded is also a question peculiarly within the discretion of a trial court, and its decision is reversible only for "plain and palpable abuse of discretion", both in federal and California practice. *S. E. Hendricks Co. v. Thomas Pub. Co.*, 242 Fed. 37, 42 (2 Cir. 1917); *Merchants' & Manufacturers' Securities Co. v. Johnson*, 69 F.2d 940, 945 (8 Cir. 1934); *Baker v. Eilers Music Co.*, 175 Cal. 652, 166 P. 1006 (1917); *Estate of Duffill*, 188 Cal. 536, 206 Pac. 42 (1922);

24. In respondents' brief in opposition to the petition Maier asserted (at pp. 7, 8) that it was advised by a lawyer that it had the right to use "Black & White". The lawyer Maier so refers to is the the San Francisco counsel who tried the case (R. 17, 48). Since both respondents are located in Los Angeles and did not know in advance that suit would be filed in the Northern District of California instead of the Southern District, it is obvious that Maier consulted this counsel only after suit was filed. The evidence at the first trial was clear and uncontradicted that when respondents adopted the name "Black & White", they did so without consulting any lawyer, as the opinion of the court below on the first appeal explicitly found (314 F.2d at 157 and fn. 7; App. 8). When thereafter, on being asked to discontinue, Maier consulted an attorney, that counsel regretted that it would not discontinue, and he was replaced (see p. 5, supra). If the fact that after suit is brought an attorney is found who is willing to defend suit were enough to defeat an award of counsel fees, counsel fees could never be awarded. The District Court's appraisal of the significance of the facts as bearing on the equities of awarding counsel fees was realistic and wise.

Elconin v. Yalen, 208 Cal. 546, 282 Pac. 791 (1929); *State of California v. Westover Co.*, 140 C.A.2d 447, 295 Pac. 2d 96 (1956).

CONCLUSION

We submit that the District Court had power to award attorney's fees and litigation expenses to petitioners, that the circumstances more than warranted the exercise of that power, and that the District Court did not abuse its discretion in making the award. We therefore respectfully submit that the judgment of the Court of Appeals should be reversed and the cause should be remanded to the District Court to proceed to entry and enforcement of final judgment accordingly.

Dated: San Francisco, California, December 6, 1966.

MOSES LASKY
Attorney for Petitioners

(Appendix Follows)